

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

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R 231214Z SEP 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5285

INFO ALL EC CAPITALS 191

USDEL MTN GENEVA

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

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DEPT PASS AGRICULTURE, COMMERCE, AND STR

E.O. 11652: N/A

TAGS: FR, ETRD, EINV, EAGR

SUBJECT: CALL ON NEW FOREIGN TRADE MINISTER - MTN,
COGNAC/POULTRY, CENTRONICS INVESTMENT APPLICATION

BEGIN SUMMARY. ANDRE ROSSI, GOF'S NEW MINISTER FOR
FOREIGN TRADE, WHO IS SAID TO HAVE BEEN GIVEN PRIMARY
RESPONSIBILITY FOR GOF MTN ROLE, SAYS HE IS BASICALLY
A EUROPEAN, DESIROUS OF CREATING A TRULY EUROPEAN
COMMUNITY BUT ALSO ANXIOUS TO ACHIEVE A SUCCESSFUL
CONCLUSION OF MTN. HE SPELLED OUT ADVERSE DOMESTIC
POLITICAL IMPLICATIONS OF USG INCREASE IN DUTY ON FRENCH
COGNAC AT THIS TIME AND URGED THAT THIS NOT RPT NOT BE
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DONE. HE ALSO ASSERTED THAT THERE HAD BEEN NO CHANGE IN

GOF POLICY FAVORING FOREIGN INVESTMENT, AND THAT THE PROLONGED DELAYS ENCOUNTERED BY THREE SMALL AMERICAN COMPANIES IN CONNECTION WITH THEIR INVESTMENT APPLICATIONS REFLECTED RATHER GOF CONCERN ABOUT SPECIAL CONSIDERATIONS IN ONE SPECIFIC SECTOR. END SUMMARY.

1. IN A COURTESY CALL ON ANDRE ROSSI, NEW MINISTER OF FOREIGN TRADE, ON SEPTEMBER 22, MINECON RAISED SUBJECTS OF MTN, COGNAC/POULTRY, AND THE PENDING INVESTMENT APPLICATIONS OF CENTRONICS. WANGCO, AND DIGITAL EQUIPMENT.

2. ON MTN MINECON POINTED OUT THAT IF WE ARE TO REACH GOAL OF COMPLETING THESE NEGOTIATIONS IN 1977, AS AGREED AT RAMBOUILLET, WE WILL HAVE TO STEP UP THE PACE OF TECHNICAL LEVEL DISCUSSIONS. WE WILL ALSO HAVE TO START SUBSTANTIVE DISCUSSIONS OF AGRICULTURE. HE NOTED THAT IN 7TH PLAN, GOF LOOKS FOR TWENTY BILLION FRANCS SURPLUS IN AGRICULTURAL EXPORTS OUTSIDE OF EEC. THUS, BOTH USG AND GOF, AS TWO LARGEST AGRICULTURAL EXPORTERS IN WORLD, HAVE COMMON INTEREST IN REDUCING OR ELIMINATING TARIFF AND NON-TARIFF BARRIERS. HE ADDED THAT HE HAD NOTED A GREAT FRENCH SENSITIVITY TO SUPPOSED USG DESIRE TO OPPOSE CAP, BUT ASSURED MINISTER ROSSI THAT THAT WAS NEITHER OUR DESIRE NOR IN OUR INTEREST. WE WERE ONLY CONCERNED ABOUT THE CAP AS IT AFFECTED THE FREE FLOW OF AGRICULTURAL PRODUCTS IN WORLD TRADE.

3. ROSSI REPLIED THAT HE WAS A EUROPEAN, HAVING BEEN WITH EUROPEAN PARLIAMENT AND WITH FRENCH DELEGATION AT GATT NEGOTIATIONS. FRENCH SENSITIVITY RELATED TO THEIR DESIRE TO PROTECT THE PRINCIPLES AND MECHANISMS AGREED ON FOR CREATING A TRULY EUROPEAN COMMUNITY. HE RECOGNIZED, HOWEVER, THAT ONE COULD NOT AND SHOULD NOT TRY TO BUILD A CORDON SANITAIRE AROUND EUROPE AND THAT IT WAS IN OUR MUTUAL INTEREST TO SEEK A SUCCESSFUL CONCLUSION OF MTN.

4. MINECON THEN REVIEWED BRIEFLY HISTORY OF THE COGNAC/POULTRY HASSLE, AND SAID WE HAD BEEN HEARTENED RECENTLY LIMITED OFFICIAL USE

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BY THE EVIDENCE WE HAD SEEN OF SERIOUS GOF EFFORTS IN BRUSSELS TO ENCOURAGE POSITIVE STEPS FOR LIBERALIZATION OF POULTRY IMPORTS INTO THE EEC. HE SAID HE DID NOT KNOW WHAT HAD HAPPENED AT THE STR HEARINGS ON SEPTEMBER 21 NOR COULD HE PREDICT WHAT THE OUTCOME WOULD BE. HE THOUGHT THE POSITIVE MOVEMENTS IN BRUSSELS AND EFFORTS TO DO SOMETHING ABOUT THE FRENCH VETERINARY REGULATIONS PREVENTING THE IMPORT OF U.S. POULTRY, AS REFLECTED IN

RECENT DISCUSSIONS BETWEEN OUR AGRICULTURAL ATTACHE AND HIS COUNTERPARTS IN THE MINISTRY OF AGRICULTURE, WERE VERY ENCOURAGING AND HOPEFULLY WOULD HELP CLEAR THE AIR FOR THE MTN BY GETTING THE COGNAC PROBLEM BEHIND US.

5. ROSSI SAID HE APPRECIATED MINECON'S MENTIONING THIS PROBLEM, FOR AS ONE NEWLY ARRIVED ON THE FOREIGN TRADE SCENE BUT WHO HAS BEEN CLOSELY ASSOCIATED WITH PRESIDENT GISCARD'S GOVERNMENT (HE WAS APPOINTED AS GOVERNMENT SPOKESMAN IN JUNE 1974 AND SERVED IN THAT CAPACITY UNTIL HIS APPOINTMENT IN AUGUST AS MINISTER OF

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FOREIGN TRADE), HE HAD SEVERAL COMMENTS HE WANTED TO MAKE. HE WAS AWARE OF SOME OF THE HISTORY INVOLVED, BUT

HE NONETHELESS FOUND IT STRANGE THAT COGNAC IMPORTS INTO THE U.S. SHOULD BE PENALIZED BECAUSE OF A FAILURE OF THE EEC TO IMPORT U.S. TURKEYS. HE ITEMIZED IN FULL DETAIL RECENT FRENCH EFFORTS IN BRUSSELS TO PERSUADE THE EC COMMISSION TO HOLD OFF ON SUPPLEMENTAL LEVIES AND TO CONSIDER OTHER MEANS TO LIBERALIZE THE EEC TRADE IN POULTRY. HE SAID THE GOF WAS TRYING ITS BEST TO RESPOND POSITIVELY, BUT HE STILL FOUND IT STRANGE THAT U.S. IMPORTS OF FRENCH COGNAC SHOULD SUFFER BECAUSE OF IMPEDIMENTS TO U.S. TURKEY EXPORTS TO THE EEC. HE SAID THERE IS MORE TO IT THAN THAT. COGNAC IS SOMETHING THAT LIMITED OFFICIAL USE

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IS ESPECIALLY FRENCH, THAT IS IN A SENSE A NATIONAL SYMBOL. AS A COLLEAGUE OF PRESIDENT GISCARD, WHO MORE THAN ANY FRENCH LEADER OF RECENT TIMES HAS SOUGHT TO IMPROVE FRENCH-US RELATIONS, AND AS A FORMER SPOKESMAN FOR THE GOF, HE FINDS THAT IT WOULD BE ALMOST IMPOSSIBLE TO EXPLAIN TO THE FRENCH PUBLIC WHY THE USG DECIDED TO RAISE THE DUTY ON FRENCH COGNAC BECAUSE IT COULD NOT EXPORT MORE TURKEYS TO THE EEC. HE SAID SUCH AN INCREASE WOULD POSE A VERY DIFFICULT DOMESTIC POLITICAL PROBLEM FOR PRESIDENT GISCARD AND WOULD BE SURE TO INTRODUCE AN ELEMENT OF BITTERNESS INTO THE MTN. HE THUS SHARED THE HOPE THAT WE CAN GET THIS COGNAC PROBLEM BEHIND US.

6. FINALLY, MINECON BRIEFED THE MINISTER ON THE STATUS OF THREE COMPANIES WHICH HAVE HAD INVESTMENT APPLICATIONS PENDING FOR OVER THIRTEEN MONTHS, AND MENTIONED CENTRONICS AND WANGCO BY NAME. ROSSI REVEALED A GENERAL FAMILIARITY WITH THIS SITUATION, BUT STRESSED THE POINT THAT THIS SITUATION SHOULD NOT RPT NOT BE TAKEN AS EVIDENCE OF A CHANGE IN THE GOF POLICY FAVORING FOREIGN INVESTMENT, BUT RATHER SHOULD BE REGARDED AS RELATING TO A SPECIFIC SECTOR WHERE SPECIAL CONSIDERATIONS MAY APPLY.

7. COMMENT. ON A DAY WHEN THE CABINET WAS PREOCCUPIED WITH THE APPROVAL AND ANNOUNCEMENT OF THE GOVERNMENT'S NEW BUDGET AND ANTI-INFLATION PLAN, ROSSI WAS PARTICULARLY GENEROUS WITH HIS TIME. HE EXPRESSED A DESIRE TO CONTINUE THE DIALOGUE ON ECONOMIC/COMMERCIAL QUESTIONS AND WAS EXTREMELY CORDIAL IN HIS RECEPTION OF MINECON ON THIS FIRST CALL. MINECON SPECIFICALLY NOTED THAT HE THOUGHT STATE OF FRANCO-US RELATIONS WAS EXCELLENT, AND HIS MENTION OF THREE PROBLEM AREAS SHOULD NOT BE INTERPRETED AS EVIDENCE OF WORSENING RELATIONS. ROSSI SAID IT WAS GOOD TO IDENTIFY SUCH AREAS SO WE CAN FIND WAYS TO ELIMINATE THEM. HE REPEATED HIS INTEREST IN THE EMBASSY'S KEEPING IN CLOSE TOUCH WITH HIS MINISTRY AND

WITH HIM.

8. IT IS WORTH SPECIAL MENTION THAT JACQUES BILLE, WHO
WAS FORMERLY WITH BARRE AS ONE OF HIS TECHNICAL
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COUNSELORS IN THE MINISTRY OF FOREIGN TRADE, AND WHO HAS
MOVED WITH HIM TO MATIGNON, TOLD COMMERCIAL COUNSELOR
SEPTEMBER 22 THAT ROSSI HAS BEEN GIVEN OVERALL RESPON-
SIBILITY FOR FRENCH ROLE IN MTN.
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SUMMARY. ANDRE ROSSI, GOF'S NEW MINISTER FOR
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